

Message Text

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63

ACTION EB-07

INFO OCT-01 ARA-10 ISO-00 SP-02 AID-05 NSC-05 CIEP-02

TRSE-00 SS-15 STR-04 OMB-01 CEA-01 CIAE-00 COME-00

FRB-01 INR-07 NSAE-00 XMB-04 OPIC-06 LAB-04 SIL-01

GSA-02 FEA-01 INT-05 L-02 H-02 DODE-00 PA-02 USIA-15

PRS-01 /106 W

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R 022100Z APR 75

FM AMEMBASSY LA PAZ

TO SECSTATE WASHDC 6201

UNCLAS LA PAZ 2353

E.O. 11652: N/A

TAGS: EMIN, ECON, PFOR, BL

SUBJECT: MEMORANDUM ON U.S. TIN SALES

REF: (A) LA PAZ 2173; (B) A-46 (C) STATE 72747

1. ACTION REQUESTED: DEPARTMENT CLEARANCE OR COMMENT ON PROPOSED TEXT OF EMBASSY MEMORANDUM TO MINFON PROVIDED IN PARA 2.

2. "MEMORANDUM. THE EMBASSY OF THE UNITED STATES OF AMERICA WELCOMES THE OPPORTUNITY TO COMMENT ON THE MINISTRY OF FOREIGN RELATION'S MEMORANDUM OF MARCH, 1975. THE FOLLOWING INFORMATION IS BASED ON COMMUNICATIONS RECEIVED FROM THE DEPARTMENT OF STATE.

"SUBCOMMITTEE NO. 3 OF THE HOUSE ARMED SERVICES COMMITTEE HELD HEARINGS ON MARCH 25, 1975 ON A BILL TO AUTHORIZE THE DISPOSAL OF AN ADDITIONAL 100,000 LONG TONS OF TIN FROM SURPLUS GENERAL SERVICES ADMINISTRATION (GSA) STOCKPILES.

"THE HEARINGS WERE ADJOURNED SINE DIE AFTER THE SUBCOMMITTEE CHAIRMAN, MR. BENNETT, ANNOUNCED THAT HE WISHED TO OBTAIN FURTHER WRITTEN VIEWS ON STRATEGIC STOCKPILE OBJECTIVES FROM VARIOUS
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EXECUTIVE BRANCH AGENCIES BEFORE PROCEEDING FURTHER.

"AS THE MINISTRY'S MEMORANDUM STATES THE STABILITY OF PRICES FOR TIN IS IN THE BEST INTERESTS OF PRODUCER COUNTRIES AND WE NOTE FOR CONSUMERS AS WELL. WE BELIEVE THAT DURING THE PAST YEAR THE GSA SALES AND THE METHOD OF MAKING THOSE SALES HAVE CONTRIBUTED TO MODERATING POSSIBLE SPIRALS IN TIN PRICES. THE GSA SALES WERE CONSISTENT WITH THE ACTIONS OF THE ITC UNTIL ITS BUFFER STOCK WAS DEPLETED AND ACTED TO MODERATE PRICE INCREASES THEREAFTER.

"SINCE 1965 WORLD PRODUCTION OF TIN HAS NOT KEPT PACE WITH CONSUMPTION ACCORDING TO THE ITC STATISTICAL BULLETIN. THIS GAP ROSE IN 1973 TO 27,500 M.T. AND IN THE FIRST NINE MONTHS OF 1974 TO 20,500 M.T.

"ACCORDINGLY, THE USG BELIEVES THAT IT SHOULD HAVE SUFFICIENT STOCKPILE DISPOSAL AUTHORITY IN HAND TO MEET EXPECTED FUTURE GAPS BETWEEN SUPPLY AND DEMAND. WE EXPECT THAT ECONOMIC RECOVERY IN THE U.S. AND ELSEWHERE IN THE SECOND HALF OF THIS YEAR MAY RESULT IN A SHARP PICK-UP IN TIN DEMAND. THE RECORD OF TIN PRODUCTION OVER THE PAST DECADE SUGGESTS THAT PRODUCERS MAY NOT BE ABLE TO MEET THIS DEMAND. WITHOUT INVENTORY IN THE ITC BUFFER STOCK AND NO ADDITIONAL GSA DISPOSAL AUTHORITY, WE MIGHT SEE SPIRALING PRICES TO THE DETRIMENT OF BOTH CONSUMERS AND PRODUCERS. EVEN GREATER SUBSTITUTION EFFORTS ON THE PART OF CONSUMERS MIGHT RESULT.

"AS IN THE PAST THE DEPARTMENT OF STATE WILL CONSULT WITH PRODUCERS AFTER THERE IS LEGISLATIVE AUTHORITY FOR DISPOSAL, BUT BEFORE DISPOSAL ACTIONS ARE UNDERTAKEN. AS BEFORE THE U.S. WILL TAKE ACCOUNT OF THE INTERESTS AND ECONOMIES OF PRODUCER NATIONS. WE ARE SURE THAT THE GSA WILL FOLLOW CAREFUL AND UNHARMFUL PROCEDURES IN MAKING FUTURE SALES AS IT HAS IN THE PAST YEAR."

3. WE ARE PREPARING IN SEPARATE COMMUNICATIONS MATERIAL AND QUESTIONS ON SEVERAL POINTS IN REF C THAT WERE NOT CLEAR.
STEDMAN

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Message Attributes

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